

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Southern California Gas Company and San Diego Gas & Electric Company.

FILED
PUBLIC UTILITIES COMMISSION
MARCH 13, 2003
SAN FRANCISCO OFFICE
INVESTIGATION 03-03-016

ORDER INSTITUTING INVESTIGATION

Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) are public utility gas, and gas and electric, corporations under this Commission's jurisdiction. The Commission exercises, in connection with general rate cases and other forums, its constitutionally and legislatively derived jurisdiction to regulate rates, practices, service, and the reliability, safety and adequacy of their facilities. (See Public Utilities Code Sections 545 and 451.)

On December 20, 2002, SoCalGas and SDG&E filed Applications (A.) 02-12-027 and A.02-12-028, respectively, for authority to update their gas and electric revenue requirements and base rates. SoCalGas is requesting an approximate \$130 million increase in natural gas distribution revenues for Test Year 2004 and SDG&E is requesting an approximate \$58.9 million increase in electric distribution revenues and \$21.6 million increase in natural gas distribution revenues for Test Year 2004. In addition, both companies seek authority for "Margin Per Customer" (MPC) indexing mechanisms. The two companies' requested revenue requirements include virtually all their expenses for operation, maintenance, safety, and general expenses.

We commence this companion investigation to the cost of service cases, to be consolidated and heard on a consolidated evidentiary record, with both A.02-12-027 and A.02-12-028.¹ This investigatory proceeding is opened to allow the Commission to hear proposals other than the applicants', and to enable the Commission to be able to enter orders on matters for which the utilities may not be the proponent. The proceeding is to afford parties, and this Commission, an opportunity and forum to provide and consider evidence on issues of interest. These issues may result in directives to either or both SoCalGas and SDG&E that serve the public interest and result in just and reasonable rates, service, and facilities. SoCalGas and SDG&E are hereby placed on notice that the evidence taken in these consolidated proceedings may be the basis for findings and Commission orders. Accordingly, the Commission commences this investigation to study and determine issues surrounding SoCalGas' and SDG&E's revenue requirements, rates, practices, service, facilities, and maintenance practices.

We will hold a prehearing conference in this investigation simultaneously with any prehearing conference for the companion cost of service proceedings, A.02-12-027 and A.02-12-028.

Ex Parte Communications

Parties should note and observe the rules (Rules 7(c) and 7.1) that govern, respectively, ex parte communications and the reporting of such communications.

¹ A.02-12-027 and A.02-12-028 have already been consolidated by the assigned Administrative Law Judge's Ruling dated January 22, 2003.

Preliminary Scope

Pursuant to Rule 6(c) the preliminary scope of this investigation is to fully investigate and review the underlying corporate operations of SoCalGas and SDG&E in order to determine whether the companies are properly organized, managed and controlled so as to provide safe, reliable and cost effective gas and/or gas and electric retail service to their customers. In addition to examining the utility operations and programs proposed in the consolidated cost of service applications A.02-12-027 and A.02-12-028, this investigation may determine whether additional or expanded programs are necessary in order for SoCalGas and SDG&E to adequately serve their retail customers.

Categorization and Appeal

Pursuant to Rule 6(a), this investigation is preliminarily categorized as Ratesetting and it is determined that hearings are necessary.

Pursuant to Rule 6.4(a), any party may file and serve an appeal of categorization to the Commission, no later than 10 days after the date of issuance for this investigation.

IT IS ORDERED that:

1. This investigation is commenced as a companion to Applications (A.) 02-12-027 and A.02-12-028, for the purposes of taking evidence and entering orders within the jurisdiction of the Commission in connection with Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) revenue requirements, rates, service, practices, maintenance and facilities. SoCalGas and SDG&E are the respondent utilities in this proceeding.

2. SoCalGas and SDG&E are hereby placed on notice that the Commission, for good cause, and to advance the public interest by setting just and reasonable rates and terms for the provision of utility service, may enter orders beyond the confines of what either SoCalGas or SDG&E request in their companion consolidated proceedings, A.02-12-027 and A.02-12-028. Subsequent scoping memos issued in connection with prehearing conferences will determine the scope of this proceeding. This proceeding is classified as ratesetting.

3. The Executive Director shall serve a copy of this order by mail on SoCalGas' and SDG&E's's representative for regulatory affairs:

Bruce Williams
Manager – Cost of Service
P.O. Box 1831
San Diego, CA 92112

This order is effective today.

Dated March 13, 2003, at San Francisco, California.

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners